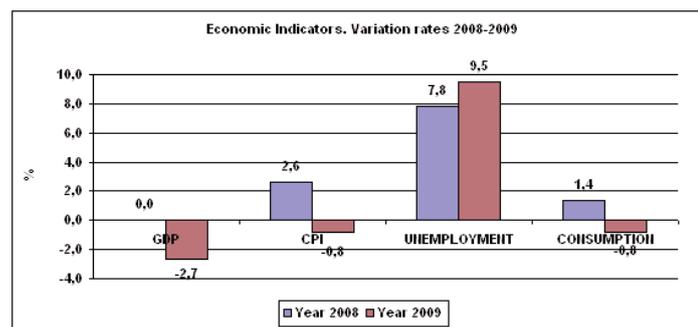


Shopping Centres in Portugal: Activity Report April 2010

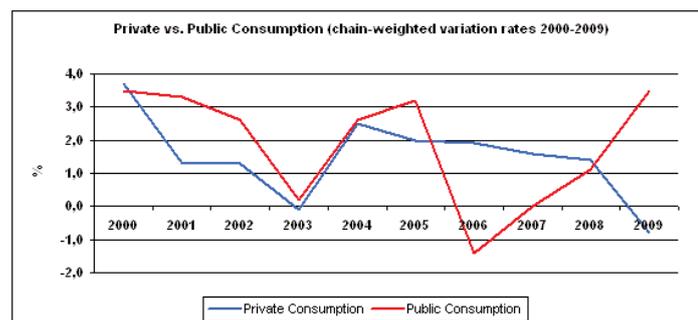
Economy:

1. The economic activity indicator has continued its recovery in the last quarter of 2009, reaching minus 1.6%, according to the INE (National Statistics Institute). In January it went up again until minus 1.1%, keeping the tendency for improvement shown since June.
2. GDP fell 2.7% in 2009, which was a slightly lower decrease than the one predicted by economists in their last reports. Domestic demand fell 2.8 percentage points, whereas net foreign demand grew 0.1%, according to the INE.
3. In the first quarter of 2010, according to predictions made by NECEP (Nucleus of Católica University's Studies), Portugal escaped technical recession. The prediction points to a 1.1% fixed-base-year growth and a quarterly growth of 0.1%, but a marginally negative growth scenario was not excluded, due to the uncertainty of the prediction models and the closeness to zero of the results.
4. The inflation rate in 2009 was minus 0.8%. The product categories that contributed the most for the final percentage were Transports, with a fixed-base-year variation of minus 0.82%, and Food and Non-Alcoholic Beverages, with minus 0.65%. Housing (0.22%) and Hotels & Restaurants (0.26%) were the categories that presented the largest increase.
5. The unemployment rate was 9.5% in 2009, despite reaching 10% in the final quarter. Altogether, the unemployed population was 528.6 thousand people, rising 23.8% regarding the previous year (about 100 thousand people). The most recent data of unemployment, of February 2010, records a rate of 10.3%.
6. Private consumption, according to the Bank of Portugal, reached minus 0.8% in 2009. The first quarters of the year accounted for most of this percentage, for in the last quarter the rate was positive (0.2%). (see graphs no.1 and no.2)
7. Portugal issued two-year and ten-year Treasury Bonds in the international market. IGCP (Institute of Treasury and Government Debt) placed in April 1.195 billion euros in ten-year bonds and 805 million euros in two-year bonds, completing the predicted two billion euros. Supply strongly outnumbered demand.

Graph no. 1: Economic Indicators



Graph no. 2: Evolution of consumption



no. 17 April 2010

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Shopping Centre Development Market:

8. The Shopping Centre development market was able to remain dynamic during 2009, just as it had in 2008. Despite delays in several projects which were scheduled to open last year, the Gross Lettable Area (GLA) increased 333,300 sqm, with ten openings and three extensions of existing Shopping Centres. (See tables no.1 and no.2)
9. Of the openings which were carried out throughout 2009, there were six Shopping Centres with a total of 250,060 sqm and four Retail Parks with a total of 36,700 sqm.
10. Despite the traditional Shopping Centre still being the most sought out format by developers, the proliferation of Retail Parks continues throughout the country, especially in medium-sized cities.
11. The regions with the highest level of activity were Algarve and Greater Porto, with three openings each. What is more, two Shopping Centres opened in the city of Maia during the same month.
12. The most significant opening of the year was Dolce Vita Tejo, developed by Chamartín and ING, becoming the largest Shopping Centre on the Iberian Peninsula, with 122,000 sqm of GLA, which contributed immensely to the high amount of new GLA, as referred in our last report.
13. With respect to extensions, the highlights were the second extension of Braga Parque, developed by Mundicenter, also referred in our October report, and The Style Outlets in Vila do Conde, developed by Neinver, which inaugurated its second stage and was also refurbished, with the respective change in title. It is now comprised of 28,740 sqm of GLA.
14. In March of 2010, LeiriaShopping opened, developed by Sonae Sierra, which is an extension of the Continente de Leiria Shopping Center. It increased its GLA to 43,200 sqm of GLA.
15. In 2010 it is expected that new GLA will be around 165,000 sqm, which, if confirmed, could be the lowest amount of new GLA in Portugal since 2002. (See table no.3)
16. Greater Lisbon is the area which is expected to have the most activity until the end of the year, with three planned openings.
17. Delays in the promotion of Shopping Centres continue and sometimes the construction of projects is postponed indefinitely. During periods of crisis there is a natural selection which only allows projects with good locations and developed by strong companies to be concluded.
18. Due to the difficulties found in developing new projects, some developers are focusing their efforts in refurbishments and extensions of existing shopping centres. This strategy reduces risks, because these shopping centres are usually matured and therefore the uncertainty associated with new developments is eliminated.

Table no. 1: Openings 2009

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Portimão Retail Center	Portimão	Bouygues Imobiliária	12.000	March
RiaShopping	Olhão	Sans Frontières	14.260	April
Dolce Vita Tejo	Amadora	Chamartín	122.000	May
City Park Caldas da Rainha	Caldas da Rainha	Grupo Mateus	4.600	June
Focus Park	Vila Nova de Gaia	Parkridge	8.400	June
IN Guarda Retail Park	Guarda	Grande Solar / Banif	11.700	June
Tavira Gran Plaza	Tavira	Grupo Martifer	27.000	June
Espaço Guimarães	Guimarães	Bouygues / Multi Dev.	47.800	November
Maia Jardim	Maia	Sonae Distribuição	19.000	November
Vivaci Maia	Maia	FDO Imobiliária	20.000	November
Subtotal Openings	10		286.760	

Table no. 2: Extensions 2009

Shopping Centre	Location	Developer	GLA (sqm)		
			Extended	Former	Total
Braga Parque	Braga	Mundicenter	28.800	19.000	47.800
GuimarãesShopping	Guimarães	Sonae Sierra	4.000	27.000	31.000
Vila do Conde The Style Outlets	Vila do Conde	Neinver	13.740	15.000	28.740
Subtotal Extensions	3		46.540	61.000	107.540
TOTAL (Openings / Extensions)	13		333.300		



Espaço Guimarães Guimarães



Braga Parque Braga



The Style Outlets Vila do Conde



Maia Jardim Maia



Virgin Active Vila Nova de Gaia



Dolce Vita Braga

Braga



Vivaci Maia

Maia



Fashion Spot Beloura

Sintra



Leroy Merlin

Matosinhos



Book.it

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Table no. 3: Planned openings rest of 2010

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Alverca Retail Park	Alverca	Sonae Sierra / Miller Dev.	19.000	2010
Barreiro Retail Planet	Barreiro	Eiffage / Milligan	35.000	2010
City Park Beja	Beja	Grupo Mateus	9.250	2010
Dolce Vita Braga	Braga	Chamartin	50.000	2010
In Ermesinde Retail Park	Valongo	Grande Solar / Banif	6.000	2010
P.C. Montijo	Montijo	Bogaris	25.000	2010
Total Openings	6		144.250	

Centres in Operation:

19. Sonae Sierra concluded the refurbishment of AlbufeiraShopping, the former Modelo de Albufeira Shopping Centre. The new AlbufeiraShopping is now comprised of 46 shops, 10,500 sqm of GLA and 562 parking spaces. The highlight of the project was the refurbishment and extension of the food court.
20. Atrium Saldanha, the shopping centre in Duque de Saldanha square in Lisbon, developed by Fibeira and with a GLA of 5,900 sqm, has been strengthening its tenant mix and plans to open new units in April. Serra da Estrela, Delta Q, Loja das Sopas and Oxyzen have already opened and soon the supply will be complemented with new stores, such as Labrador and Devernois.
21. The former Beloura Shopping, located in Sintra and owned by Fungere, Property Management Fund, was refurbished and given a new concept. Thirteen new stores opened recently at the now called Fashion Spot Beloura, the most significant being the reinforcement of the Lanidor brand, which opened an LA Woman master store.
22. Galeria Central, the former Galeria Shopping, developed by Soares da Costa in Porto, is going to be refurbished. This shopping centre is expected to open during the Spring, as part of the rehabilitation of the city's downtown, and it will have services, restaurants and leisure. Anchor stores will be the supermarket Modelo and the appliances store Worten.
23. Ferrara Plaza, the shopping centre located in Paços de Ferreira and owned by Imorendimento, has been restructuring its commercial mix, replacing much of the supply in Furniture & Design for Fashion. Zippy Kidstore, Modalfa, Page One and Área Saúde are some of the brands that have been strengthening the shopping centre's tenant mix.
24. Mar Shopping, the shopping centre in Matosinhos developed by Inter Ikea, with 100,000 sqm of GLA, is one of the finalists at the European Shopping Centre Awards 2010, given by the ICSC (International Council of Shopping Centres), in the category of New Developments Extra Large.
25. Multi Mall Management Portugal is once again a finalist at the ICSC Solal Marketing Awards in the categories of "Public Relations", "Consumer and Trade Advertising" and "Sales Promotion". This year, Portugal will host the ceremony, which is held on the 17th of June in Lisbon.
26. The footfall index had a least accentuated fall in the final quarter of 2009 than in the remaining quarters. According to this index, in October there was a reduction of 4.1% in visitor numbers in shopping centres compared with the same period in 2008, in November a reduction of 3.1% and in December a reduction of 3.3%. These percentages are clearly less negative than the ones of previous months, when reductions reached amounts of eight and nine per cent.

Information regarding Retailers:

27. Leroy Merlin, the retail chain specialized in DIY, construction, decoration and gardening, opened its second store in the North of Portugal, in Matosinhos, next to Mar Shopping and the Ikea store. This is Leroy Merlin's seventh store in the country.
28. Book.it, Sonae Distribuição's bookstore brand, will open 14 new stores in 2010, adding to the 14 already open. These bookstores intend to reach consumers outside of great urban centres; therefore most of the openings will be in medium-sized cities.

29. The Walt Disney Company will open the second Disney Store in Portugal next July. After opening its first store in 2007 at the Colombo Shopping Centre, in Lisbon, this new store will open at NorteShopping, in Porto, with 320 sqm of GLA.
30. SPAR, present in Portugal since 2007, intends to have 200 operating supermarkets in the country within three to five years. SPAR is the world's largest food retail chain, and has nowadays 30 stores in Portugal.
31. Park Lane, the Swedish fashion brand, has entered the Portuguese market and opened its first store at Porto Gran Plaza, the Shopping Centre owned by Imorendimento and located in the city of Porto. Park Lane bets on the casual-chic concept, with sporty and elegant clothes for men and women. The company wants to open 11 stores until the end of the year.
32. The English chain Virgin Active has opened its second Health Club & Spa in Portugal, in Vila Nova de Gaia. With 4,000 sqm, the Health Club belongs to a project developed by Teixeira Duarte, comprised of housing, offices and retail – the Santa Marinha Design District.
33. McDonald's sales in Portugal have reached 270 million euros in 2009, rising 12.3% regarding 2008. It is the seventh consecutive year with growing sales. In 2010, the company will continue to refurbish some of its restaurants and will open five new ones.
34. Kidzania, the theme park which opened for the first time in Europe in 2009 at Dolce Vita Tejo, in Amadora, was considered "Concept of the Year" at the MAPIC Awards. Kidzania Portugal was already visited by over 200,000 people since its opening date.

Investment Market:

35. The Portuguese investment market suffered the effects of the economic crisis during 2009. The transactions made were mostly of stand alone units and street shops. The only Shopping Centre deal was the sale of the project Aqua Portimão, already mentioned in our last report.
36. Out of the transactions made in 2009, the most significant ones were the sale of the Media Markt unit in Leiria, with 5,000 sqm of GLA, by DST (Homeinvest Fund) to Finipredial and the Virgin Active health club of Vila Nova de Gaia, with 4,000 sqm of GLA, sold by Teixeira Duarte to a Portuguese Property Fund. These deals are good examples of the type of operations that constituted the bulk of the investment in the retail sector during the year.
37. In 2010, the Espaço Guimarães Shopping Centre, which opened in November 2009, was sold. This operation was part of the sale of 15% of Multi Corporation's Shopping Centre portfolio to Corio for 1.3 billion euros. The remaining Shopping Centres are located in Spain and most of all in Germany.
38. Mixed and Closed-End Property Investment Funds are going to pay in full the Municipal Tax on Property (IMI) and on Transactions (IMT) regarding their assets from now on. Up until now, there were 100% exemptions for funds with institutional investors and 50% exemptions for funds also with private investors. Only Open-Ended Property Investment Funds will keep the referred tax exemptions.
39. Successive yields increases have affected indirect results for some developers, due to the corresponding Shopping Centres' fall in value. By the end of 2009, *prime* Shopping Centre yields were between 6.5% and 7%.

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